

NSC BRIEFING

13 July 1958

*KEY PHRASE*LEBANON *D-3-*

- I. Chamoun govt making no significant progress in putting down two month old rebellion. During the past 10 days these developments:

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B. Military activity continuing but present tactic appears to be terror<sup>ist</sup> activity by small bands.

1. Bombing destruction property and installations (power plant, sugar factory)

C. Economic and financial situation in Lebanon worsening.

1. By August industrialists assert they will be unable to operate due to depletion cash reserves, lack of bank credit and drop in sales.
2. By end August Lebanese government will have difficulty paying civil servants.

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- D. Political maneuvering continuing at feverish pitch as 24 July (to 24 September) election date draws closer.
1. Chamoun reportedly willing to let General Shihab be elected.
  2. Shihab probably acceptable to much of the rebel leadership.
  3. Shihab if elected would be likely to develop an accommodation with Nasir.
  4. However hard core of rebels may refuse to recognize election of new President by present Chamber and demand new parliamentary elections.
  5. Not sure any solution can be achieved on 24 July.
- E. Turkey and Iraq continue give strong support to Chamoun whom they view as "indispensable."
1. Top meeting of Shah, Nuri, King <sup>FAYSAL</sup> ~~Fazal~~, President Mirza today (14 July) in "Istambul" on Lebanese Crisis."

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